

**TESTIMONY OF
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SAINT FRANCIS HOSPITAL & MEDICAL CENTER
BEFORE THE
LABOR AND PUBLIC EMPLOYEES COMMITTEE
Tuesday, February 18, 2014**

SB 61, An Act Concerning Workers' Compensation and Liability for Hospital Services

Saint Francis Hospital & Medical Center appreciates the opportunity to submit testimony concerning **SB 61, An Act Concerning Workers' Compensation And Liability for Hospital Services**. Saint Francis opposes the bill as written.

Saint Francis Hospital & Medical Center has been one of the major health care resources in the state of Connecticut for nearly 117 years. As a major acute care hospital and teaching affiliate of the University of Connecticut School of Medicine, Saint Francis provides services to all who come through its doors 24 hours a day, seven days a week, regardless of ability to pay. In 2012 alone, Saint Francis provided over \$74 million dollars of community benefit.

Saint Francis is home to a variety of centers of health care excellence including The Hoffman Heart and Vascular Institute of Connecticut, The Connecticut Joint Replacement Institute and The Saint Francis/Mount Sinai Regional Cancer Center among others. Saint Francis also operates a Level II Trauma Center and a Level III Neonatal Intensive Care Unit. In FY13, Saint Francis served 32,366 inpatients, provided 81,062 emergency department visits and offer nearly 100,000 outpatient visits.

We, as are the other hospitals in this state, committed to initiatives that improve access to safe, high-quality care. Ensuring that safety is reinforced as the most important focus is the foundation on which all hospital work is done. Connecticut hospitals launched the first statewide initiative in the country to become high reliability organizations, creating cultures with a relentless focus on safety and have as a goal the elimination of all preventable harm. This program is saving lives.

Providing culturally competent care, eliminating disparities, and achieving health equity are also priorities of Connecticut hospitals. The CHA Diversity Collaborative, a first-in-the-nation program to achieve these goals, has been recognized as a national model. The Curtis D. Robinson Men's Health Institute is another nationally recognized effort to provide to diverse, underserved populations in Connecticut and this program operates in conjunction with Saint Francis Hospital and Medical Center.

The benefits of hospitals extend well beyond their walls, as they strive to improve the health of our communities and play a vital role in our economy. Saint Francis provides full-time, well-paying jobs to more than 3,700 people who make sure we have access to the very best care whenever we need it. These hospital jobs in turn create an additional 3,700 jobs in our community. In total, Saint Francis generates 7,400 jobs in our communities and contributes more than \$1.3 billion to the state and its local economies annually.

SB 61 as proposed would make three significant changes to workers' compensation and liability for hospital services. First, for hospital services rendered prior to July 1, 2016, it would make a change from what is currently required under Connecticut General Statutes Section 19a-166 (i.e. rates and fees negotiated between the payer and the hospital to a set of costs determined by the Commissioner) to an amount equal to the operating expense plus an amount for uncompensated care. Second, it would limit the time to identify disputes to one year from the date of payment to a hospital or one year from when the employer notifies the hospital of a dispute. Third, it requires the chairman of the Workers' Compensation Commission to establish a fee schedule for hospital services.

The need for this bill seems to be based on a flawed assumption that hospitals do not negotiate with insurers over the payment levels for Workers' Compensation claims. Nothing could be further from the truth. At Saint Francis to date we have negotiated payment for workers' compensation claims with 66 insurers.

SB 61 should be rejected for several reasons.

First, if passed, SB 61 would interfere with the orderly resolution of disputes currently pending before the Connecticut Supreme Court. At issue in the pending disputes is the refusal of a small number of workers' compensation insurers to negotiate rates and methods of reimbursement with hospitals as required by Connecticut General Statutes Section 19a-166; this minority of insurers prefers a system by which they decide, claim by claim, what they are going to pay, and hospitals are left to appeal, claim by claim, if they don't agree.

Second, the amount proposed as payment for hospital services prior to adoption of a fee schedule is wholly inadequate. Operating expense plus the cost of uncompensated care would not provide enough to cover all incurred costs – it would exclude: the annual \$235 million hospital tax, which adds seven percent to the cost of employer-sponsored private and workers' compensation insurance; the annual \$710 million Medicaid payment shortfall, which adds another 20 percent to the cost of employer-sponsored health insurance and workers' compensation; and the annual \$364 million Medicare shortfall, which adds another 10 percent to the cost of employer-sponsored health insurance and workers' compensation.

Any solution to the current situation has to recognize the need for a hospital to be compensated sufficiently to cover all of these costs. If hospitals do not receive enough revenue to cover these costs then the services available to Connecticut residents would suffer.

We appreciate your consideration of our position.